



17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

MORGAN HILL

Morgan Hill Civic Center
West Conference Room
17555 Peak Avenue
Morgan Hill, California

Chair	Mike Roorda
Committee Member	Dennis Kennedy
Committee Member	Greg Sellers
Staff: Finance Director	Jack Dilles

FINANCE AND AUDIT COMMITTEE

REGULAR MEETING

Wednesday, April 16, 2003

MINUTES

5:05 P.M.

CALL TO ORDER

Chair Roorda and Committee Members Kennedy & Sellers (arrived at 5:25P. M.);
Staff: Dilles

DECLARATION OF POSTING OF AGENDA

In compliance with Government Code 54954.2

PUBLIC COMMENTS

The Morgan Hill Finance and Audit Committee welcomes comments from all individuals on any agenda item being considered by the Committee. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the Committee are limited to Three Minutes.

BUSINESS:

1. **Approval of minutes for March 26, 2003**

The minutes for March 26, 2003, were approved.

2. **Potential General Fund Revenue Sources**

Staff presented the staff report concerning potential revenue sources available to the City that would benefit the General Fund and provide financing for new and/or existing programs. In answer to Committee Member questions from the previous meeting, staff indicated that a majority of landowners participating in a lighting and landscape district mail-in election is necessary to implement such assessments. Staff indicated that such assessments could be used for the operation and maintenance of parks, landscaping, lighting, traffic signals, tree maintenance, sidewalk maintenance, and graffiti abatement. Committee Member Sellers expressed concerns about equity issues in an assessment district. Committee Member Kennedy inquired as to the time line for returning to the City Council on the subject of new revenue sources. Committee member Sellers responded that the Committee should work backwards from any proposed ballot date. He suggested that the Committee should focus on this topic next month and determine if there is a desire to move forward in June and July. With budget hearings coming up, it would be appropriate to discuss this topic both Committee Members Sellers and Kennedy indicated. Chair Roorda said that it is hard to gauge the need for revenues without looking at the expenditure side of the budget. The Committee agreed a public survey would be useful. Chair Roorda indicated that ultimately the issue is to determine what services people are willing to pay for. The Committee agreed that the budget process should set the stage so that the City Council would have the necessary information to discuss potential alternative revenue sources

3. **Fund Reserve and Designation Policy**

The Committee discussed the City's current 40% reserve policy for the General Fund and the need for this level. Committee Member Kennedy asked staff to provide a list of all the reserves available to the City, including those outside of the General Fund. Staff indicated that such a list would be provided as part of the budget process.

4. **Financial and Investment Report for March 2003**

This item was briefly discussed.

5. **VTA Ad Hoc Meeting (Discussion)**

Committee Member Kennedy informed the Committee that the VTA Ad Hoc Committee is looking at implementing service cuts and taking fare box recovery action. There is a whole set of recommendations to reduce annual deficits; if all actions are taken, the annual deficit would be reduced from \$100 million to \$40 million per year. The meeting today focused on new revenue from potential sources such as gas taxes, expanding the ½ cent sales tax for operations, expanding the sales tax base to include services, and a payroll tax of ½%. Many entities are looking at a March 2004 ballot for revenue measures. Chair Roorda asked about the effects of the cuts. Committee Member

Kennedy responded that the 21% cut in services would mean that bus lines and rail lines would be eliminated, and major staff cuts would be made. .The frequency of bus runs would be reduced. There is a proposal to require VTA employees to pay for benefit costs; currently they pay \$0. Chair Roorda asked about VTA's cash position and Committee Member Kennedy responded that they can cover costs for 1 more year if the proposed cuts are made.

6. Future Agenda Items

None

ADJOURNMENT

NOTICE

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